

**EVALUATION OF USAID/PARAGUAY'S PROGRAM FOR  
MORE EFFECTIVE AND ACCOUNTABLE LOCAL GOVERNMENT**

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#### **EXECUTIVE SUMMARY**

The objective of this evaluation was “to determine if the program implemented by The Urban Institute achieved its intended purpose, what results were accomplished, even unintended, and not accomplished, how and why, lessons learned and recommendations”. The program clearly had positive impact. Sixteen technically qualified projects are completed or underway, a pilot project in finance was carried out, environmental education was provided, six regional fora were held to disseminate successful cases, the productive relationship between one departmental government (Misiones) and its municipalities was supported, an innovative model for a regional landfill was developed, a comprehensive Guide to Solid Waste Management was prepared, and a useful policy paper was developed to assist in the national dialogue on decentralization and widely disseminated.

Every project improved the quality or standards of services for the communities involved, and these municipal governments are technically better equipped now to build additional projects. However, they still face a number of obstacles, principally financial, in carrying out new projects.

One of the most important benefits of the technical assistance was to design low cost, but environmentally sound, projects that were affordable to local governments. Most municipalities rely heavily on the transfer of unreliable royalties for investment capital. Increased levels of locally generated resources are needed as a stable source of income to cover increasing operational costs and for new investment.

Levels of community participation varied greatly from municipality to municipality. Where there was already a tendency on the part of the municipality to involve community groups, the technical assistance program was able to make very significant contributions in environmental education, and community participation. Where there was reluctance on the part of municipal government to involve the community, the program’s impact in this area was less clear.

With regard to inter-governmental coordination and participation in municipal associations, municipalities tend to work only at the Departmental level. There is a definite need for greater information sharing about municipal issues, successes, “Best Practices”, etc. among municipalities throughout the country, as well as a clear municipal voice in the national debate on decentralization.

Recommendations for USAID include:

- \*USAID should follow up with municipalities that participated in the technical assistance program to see whether their commitment to bettering services is sustained;

- \*USAID should consider continuation of technical assistance on project development in different forms, including perhaps using vouchers or a technical assistance fund;

- \*USAID should consider providing training for a larger group of municipalities to reach a critical mass;

- \*USAID should concentrate its efforts in the area of finance on medium to large municipalities to build a core group of strong municipalities; if possible, municipalities assisted under the technical assistance program should also receive assistance in finance; and

- \*Attention should be given to key aspects of the enabling environment for the municipal sector.

## INTRODUCTION

The objective of this evaluation was “to determine if the program implemented by The Urban Institute achieved its intended purpose, what results were accomplished, even unintended, and not accomplished, how and why, lessons learned and recommendations”.

The evaluation, carried out from February 5-20, involved gathering documentation, and meeting with Mission and program staff, counterparts, and local officials. Officials from nine of the sixteen communities benefited by the program were contacted,<sup>1</sup> as well as the Governor of Misiones Department and his staff. Seven project sites were visited. This sample provided a broad range of experience: **Itá**, one of the few municipalities with a road improvement project, also had a pilot project to improve municipal finance; **Concepción**, the largest urban center in the program with 35,000 residents, had a landfill project considered to be one of the program’s most successful; **Atyra’s** sanitary landfill was a natural complement to the mayor’s campaign to make this municipality the cleanest in Paraguay; **Tobatí** had to address a number of social and environmental issues in the design of its landfill; **San Ignacio** had two projects, treatment of waste from its slaughterhouse, and a regional landfill that also serves **Santa Rosa** and **San Juan Bautista**; and **San Miguel** is one of the smallest municipalities in the program.

The persons met during this evaluation are listed in **ANNEX A**. Documents consulted are provided in **ANNEX B**. The interview guide used for field visits is included as **ANNEX C**.

## I. HAS THE ACTIVITY ACCOMPLISHED ITS INTENDED OBJECTIVES?

The terms-of-reference for the evaluation asked whether the impact achieved was reasonable, given the level of resources applied, and taking into consideration the degree of difficulty faced by the program. The answer is clearly yes. Sixteen technically sound projects are completed or underway, a pilot project in finance was carried out, environmental education was provided to participating municipalities (more intensively in some), six regional fora were held to disseminate successful project experiences, the productive relationship between one departmental government (Misiones) and its municipalities was supported, an innovative model for a regional landfill was developed, a comprehensive Guide to Solid Waste Management was prepared, and a useful policy paper was developed to assist in the national dialogue on decentralization,<sup>2</sup> and presented in seven meetings involving 123 mayors and 211 council members from 147 different municipalities.

To date, 144,346 people have benefited from improved services provided with technical assistance, and this number can increase in the future. As population increases, and local governments make greater efforts to extend accessible roads and expand solid waste services, the projects will serve more people. For example, in Concepción, only about 65 percent of the urban population is now covered by the municipality’s garbage collection service. In San Miguel, only 30 percent of the population is covered. If coverage of services in the combined municipalities increases by 25 percent over the next few years, another 36,000 people will benefit from the original projects.

For the program as a whole, the US government spent about \$12 per beneficiary<sup>3</sup>, while local governments invested a little over US\$1 per person. Given the size of municipal budgets, this was a

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<sup>1</sup> Itá, Concepción, Tobatí, Atyrá, San Ignacio, Santa Rosa, San Juan Bautista, San Miguel, Ayolas.

<sup>2</sup> Plataforma de Descentralización, desde la perspectiva de Los Gobiernos Departamentales y Municipales.

<sup>3</sup> Total Urban Institute contract divided by number of beneficiaries.

sizeable commitment of resources, and important first steps for local governments in meeting their obligations to provide citizens with basic services.

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Overall the length of the program and the level of funding seem modest compared with USAID municipal programs in other countries. The results were noteworthy given that the program lasted only a little over two years and experienced delays in project execution caused by local elections.<sup>4</sup> Working at the municipal level presents a series of difficulties stemming from the centralization of decision-making and predominance of national government in resource allocation. While these tendencies are beginning to change, municipalities are still weak counterparts for project development. Some of the difficulties and obstacles faced by local government in service delivery are touched upon in the following sections.

### **A. Are Participating Local Governments more Effective and more Efficient Deliverers of Services?**

#### **1. Technical Capacity to Deliver Services**

Every project implemented under this program improved the quality or standard of services for the communities involved. In Ita, 50 kilometers of access roads were improved (by providing a deep base and drainage) in ten of seventeen surrounding *Companias* (rural districts). These roads radiate like spokes from the hub of the urban center and provide a critical link to markets and services for families engaged in horticulture in those *Companias*. These roads are useable now in all weather whereas previously they were completely impassable during heavy rains due to deep mud.

Cities with completed sanitary landfills have seen marked improvements in sanitary conditions from the open-air dumps that were previously the norm. A number of the sites were moved from proximity to residences, or vice versa, families were relocated. Controls were established for the trucks carrying waste, and for operating the landfill in a sanitary fashion. The slaughterhouse project involved treatment of liquid waste that previous was allowed to run off without any attention to ground water contamination.

Municipal officials were asked when these projects were first identified, to determine what role the technical assistance program played in their start-up. The mayor in Ita said that improving roads has been a high priority since 1996. He considered hiring an engineer, but was not sure how to begin. Another mayor said that he inherited the project from his predecessor, so he was not involved in its identification. In five municipalities, Participatory Strategic Plans (PEPs)<sup>5</sup> probably were a factor in identifying the projects that ultimately were included in this technical assistance program. About 1300 small community projects were completed under the previous decentralization project, such as improvements to health centers, construction of wells and latrines, improvement of bridges, and classroom construction. Some 200 larger municipal-wide projects were not completed, most likely because of higher costs. No project was underway when the Urban Institute/Chemonics technical assistance began and it is unlikely that most would have been started anytime soon without this assistance.

#### **a. Municipal capacity to carry out additional projects**

In almost every case, additional stages are proposed for projects completed under the Urban

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<sup>4</sup> Local elections in November 2001 caused setbacks until new mayors took office.

<sup>5</sup> Participatory Strategic Plans, or PEPS, were funded under the Decentralization Project in Paraguay, implemented by DAI from 1996 to 2000. PEPs were prepared in 17 municipalities, including seven that participated in the technical assistance program carried out by Urban Institute/Chemonics.

Institute/Chemonics program. Every landfill has a plan that covers eight to ten years. However, the initial project, or cell, is viable for only about one to three years. Once this cell reaches capacity, another

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adjacent site must be excavated. Every participating municipality has been provided with the technical information it needs, and with on-the-job training so that staff can develop new landfill sites. They also know the costs involved and scheduling needs for equipment and other elements to carry out new projects. What remains to be seen is if these mayors, or their successors, will have the motivation to continue these projects in the face of competing demands for resources.

The municipality of Itá has begun to apply lessons learned from the road improvement project. Work has started on an additional 46 kilometers of road improvements, to be completed in one to two more years.

### **b. Private sector participation in service delivery**

Municipalities were asked whether they have ever used the private sector to provide municipal services, especially for solid waste. Most do not have contracts with the private sector for any municipal service. A few rent trucks, or other equipment for garbage collection, but municipal staff provides the service.

In one municipality, a private businessman collects garbage and charges families directly. He has no connection with the municipality, except to pay fees when he unloads his truck at the landfill. Other cities have youth groups that provide garbage collection services to raise money for their activities. These informal sector groups also charge families directly.

This kind of private sector operation is no better, and may be worse, than service provided wholly by a municipality. Many municipalities also charge households only if they use the service. As a result, many families choose not to participate and dump their garbage in city receptacles and by the roadside. Municipalities must begin to charge all urban households for the service, to increase usage and income. Once a reasonably profitable service is established, opportunities for more serious private sector participation will develop. This may already be the case in large municipalities in Paraguay.

### **c. Inter-municipal landfill model**

The regional landfill being implemented by San Ignacio, San Juan and Santa Rosa is interesting as a potential model for lowering costs for small adjacent municipalities, and as an exercise in the economics and politics of joint projects. The idea rose from necessity. Both Santa Rosa and San Juan have site difficulties within their own communities. One was already disposing of garbage in San Ignacio, and the other was unable to find an adequate site of its own.

While the proposed solution was to join forces and build a regional landfill in San Ignacio, there were site problems in that community as well. The existing dump was problematic for the families in the vicinity because of smell, flies and lack of sanitation, causing them to resist the new landfill. Members of the Municipal Council also opposed the project, reluctant to accept solid waste from other jurisdictions. All of these actors had to be taken into account. Negotiations with San Ignacio families resulted in concessions by the Departmental Government to provide additional services in exchange for cooperation on the landfill. The Municipal Council was eventually won over.

Currently the landfill in San Ignacio is being excavated. During our visit, the mayors and city council members of the three communities were reaching a final agreement on the share that each municipality is expected to contribute for the initial investment and for annual operating costs (in both cases, 40% San Ignacio, 40% San Juan and 20% Santa Rosa). Time will tell if the economics of these arrangements are truly workable. Santa Rosa and San Juan will have round trips for garbage disposal of an estimated 60-80

kilometers, which is much further than is commonly the case in municipal landfills. This will increase the cost of personnel because of the time involved, as well as costs for fuel and maintenance of vehicles. If

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all parties are satisfied, or can be satisfied with future modifications, the three municipalities will build additional landfills together, and the model will succeed.

It should be noted that the Department Government is an important actor in this project, both from the standpoint of coordination and as an investor. Improving the landfill's access road was not included in the project's design. The road needs to be improved to allow all weather access. The Department Government made a commitment to provide this element of the project. (Subsequently, the program included access road improvements in project designs.)

## 2. Financial Capacity to Deliver Services

One of the most important benefits of the technical assistance was to design projects that were affordable to participating local governments, but still met environmental standards. The following table shows investments made by municipalities contacted during the evaluation. In current dollar terms, capital investment ranged from a low of about US\$2,000 in San Miguel, to over US\$53,000 in Ita. These sums appear to be very small, but they loom large in the overall picture of the finances of these municipalities.

**Table: Illustrative Project Data**

<b>Municipality</b>	<b>Project</b>	<b>Coverage Service</b>	<b>Municipal* Share/Cost</b> (in millions of G/)	<b>Annual Operational Cost</b>
Itá	50Ks road	22,000	373	30
Concepción	Landfill	35,276	70	49
Atyrá	Landfill	4,119	12	12
Tobatí	Landfill	11,000	46	18
San Miguel	Landfill	1,230	15	12
Ayolas	Landfill	9,143	80	74
San Ignacio	Slaughterhouse	8,400	90	15
San Ignacio	Reg.Landfill	6,800		
San Juan	Reg.Landfill	5,138	65	60
Santa Rosa	Reg.Landfill	6,700		

\*NOTE: The municipal share of the cost of projects includes the estimated value of the loan of equipment from the Department, and community support in the form of labor and materials, which was estimated to be close to 30% of the total in some cases. The amount of actual cash invested was not available.

Officials were asked about their most important sources of funding. Most municipalities rely heavily on royalties from energy sales for investment capital. For example, last year in Atyrá, royalties represented G./260 million, or US\$37,000 in current dollars, while property taxes produced only about US\$8,000 and arrears were \$21,500. Every municipality has a long list of competing demands for royalties, even though they can vary in amount from year to year.<sup>6</sup> Municipal officials mentioned projects to improve markets, expand electrical coverage, finish a municipal library, improve roads, pave streets in the municipal center, install waste water treatment, etc. External grants were also mentioned in a few cases.

<sup>6</sup> At times, transfers of royalties are suspended to meet other needs, e.g. payments on the national debt.

Original expectations with regard to private sector participation in projects, both in terms of service delivery and financing, were unrealistic for the types of municipalities selected to participate in the program. The contract signed with the Urban Institute in 2000, mentions possible public-private partnerships in service delivery, concessions, outsourcing and the development of private-public service delivery companies, as well as commercial sector loans, securitization of public assets, and municipal bonds. As noted in the previous section, most of the municipalities that participated in this technical assistance program are a long way from effectively using the private sector in service delivery. The same is true for private sources of finance. This kind of sophistication in the municipal sector will develop over time, as efforts are made to improve financial balances and accounting, which will in turn increase creditworthiness. It is most likely to happen first in many of the 93 large and medium sized cities defined as Categories 1 and 2, according to the *Ley Organica Municipal*.<sup>7</sup>

Municipal officials were asked if they have ever used commercial loans. Only the representative from Concepción mentioned a loan from the IDM (*Institute de Desarrollo Municipal*) and a small loan from City Bank.

#### **a. Need for reliable, locally generated resources**

Few of the municipalities visited seem to rely on internally generated resources for capital investment, mainly because of poor collections. An exception may be Concepción where locally generated resources outweigh royalties.<sup>8</sup> Locally generated resources are needed as a stable source of income that is not subject to political manipulation. Municipalities need these resources for both operations and new investment. The operational costs for the services improved under this technical assistance program have increased. The road in Ita needs to be regularly maintained. In Concepción, the cost of garbage disposal increased about 30 percent due to maintenance required by the landfill. San Ignacio estimates that its operating costs for the slaughterhouse are 40 percent higher than before.

The program provided technical assistance on establishing new fees for services, but few municipalities have implemented them. They mention the need for Municipal Council approval and plans to increase fees “next year”. Municipalities need to overcome this reluctance to collect more for services. They also need to update tax rolls and collect more taxes due to them. Rough estimates made during field visits indicate that most municipalities collect only about 25-50 percent of property taxes, and have similar records for other locally generated sources of income. If collections could be significantly improved, most municipalities could match or surpass proceeds from royalties. Improving locally generated

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<sup>7</sup> This classification uses percentages of total annual budget of the 17 departmental capitals, with the top two categories corresponding to medium and larger municipalities, and the bottom two to more rural municipalities. The total number of municipalities and the number in the technical assistance program, by category, are as follows:

Category	Total	TA Program
(1)	22	2
(2)	71	5
(3)	112	3
(4)	17	6
Special Cat.	1	

<sup>8</sup> Converted to current dollars, Concepción’s budget for 2001 shows projected (budgeted) income from property tax at US\$246,856 (and only 37% collected); rental income from municipal property projected at \$84,302 (29% collected), and royalties projected at \$20,525 (with only 3% reported as collected). Source: project studies.



resources is an objective of the Project on Municipal Finance. However, there is only partial overlap between the municipalities targeted under the technical assistance program and the Chemonics Project.

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The pilot project to improve local finance carried out in Ita produced an increase of 83 percent in collections of property tax for the period June-December 2002, compared with the same period in 2001. This shows that even small municipalities can increase local revenues for additional investments and improved services. One positive note for municipalities found in a survey on public opinion was that if people are obligated to pay taxes, 70 percent would rather pay municipal taxes than any other kind.<sup>9</sup> To address arrears in property tax, the municipality of Ita sent letters to tax payers indicating the types of projects that were being built with these resources and the share it represents of the municipality's total income. Even such a simple act can have results.

**b. Need to assume more responsibility for staff training and technical studies**

One aspect of sustainability is for municipalities to begin to assume responsibility for training their own staffs and for technical studies needed to develop capital projects. When asked about ability and willingness to finance technical studies as part of investment projects, most municipalities were quick to say how difficult it would be because of limited resources. At first glance, it would seem that environmental and other technical studies are just too expensive for municipalities. The environmental studies for certifications of landfills by the Secretary of the Environment (SEAM) cost on average US\$3000.<sup>10</sup> When seen in relation to total capital invested in projects, it appears to be close to impossible for the smallest municipalities to pay such sums, and could be difficult for even larger municipalities, like Concepcion at this time. It should be noted that a spokesperson for Concepcion suggested that it might be possible to pay for preliminary studies<sup>11</sup> since the municipality has an annual budget approaching US\$1

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<sup>9</sup> Síntesis de Resultados Encuesta Democracia y Cultura Política, 2001, CIRD/USAID, P. 20.

<sup>10</sup> According to a spokesperson of CEAMSO (Centro de Estudios Ambientales y Sociales), the 1993 law on environment is a problem for municipalities that are planning projects like solid waste, waste-water treatment, and other urban infrastructure. Prior to 1993, environmental impacts were not given consideration for infrastructure projects; few projects are built to code even now. There are no consequences, as yet, for municipalities with inadequate solid waste and water treatment systems.

This USAID funded activity pushed the envelope by obtaining certifications for projects from SEAM. At this time there are four levels of analysis for environmental certification. Level 4 would be a full environmental impact study for roads or for sanitary landfills of the size required for Asuncion. None of these were done under the program. Level 3 analysis was required for the regional landfill in San Ignacio, and the other projects required analyses at levels 1 and 2. The CEAMSO representative estimated that these studies (Levels 1-3) require from one to six experts, and can range in cost from US\$1,000 to US\$5,000. Assuming an average cost of \$3,000, if municipalities had been required to pay for these studies, the investment cost for projects would have increased by 23% to 175%!

Environmental analysis of sites is needed. The case of Tobati is illustrative. This landfill was sited on sandy terrain, with a high water table. As a result of the site study, clay soil needed to be added to the excavation to create an impermeable layer to protect the water table. This made the project more costly, but more environmentally sound. The slaughterhouse project had special environmental considerations. Waste from industry and hospitals require special treatment. The challenge, therefore, is find the most economical way to carry out studies which still ensure environmental protection.

<sup>11</sup> Note: All of the studies, environmental education, follow up and monitoring averaged about \$14,000 per municipality. Along with environmental analyses, preparatory and design studies were carried out, but there are no separate cost estimates for these.

million. However, a quick review of actual income and expenditures for 2001 in Concepcion indicate that this city may also have difficulties covering costs at times.

## **B. Are Local Governments more Participatory, Transparent and Accountable?**

Levels of community participation varied greatly from municipality to municipality. While environmental education and community participation was a program component for all municipalities, some were more receptive than others. Where there was already a tendency to involve community groups, the program supported comprehensive environmental education programs and probably had a positive impact on community participation. Where there was reluctance on the part of municipal government to involve the community, the program's impact was less clear.

### **1. Community Participation in Design and Implementation**

The road project in Ita could not have been done without community participation. Neighborhood councils in the ten of seventeen *Companias* where the roads were improved obtained some of the materials needed (rocks and sand) for the projects, and helped to coordinate the schedule for heavy machinery. One council is planning additional work on bridges to further improve access, and is collecting voluntary contributions from users of the road to help with maintenance.

With regard to landfills, some municipalities had to solve problems affecting a relatively small group of households, either in terms of relocating families or negotiating with regard to the site of the landfill. In Concepcion, the Municipality has to relocate families engaged in informal recycling at the dump. These families still are involved in this economic activity, before the materials are covered, but no longer live in such close proximity to the site. In San Ignacio, a group of about 50 families objected to the proposed site of the regional landfill. To gain their cooperation, they were offered additional services, particularly access to potable water, to be provided by the Department.

Also in San Ignacio, the private association of meat renderers resisted changes in operation in the slaughterhouse. In fact, the conflict that arose has yet to be adequately addressed by the municipality. Training in Conflict Resolution would be useful for many municipalities that are dealing with such issues.

### **2. Communicating with Constituents**

Municipal officials were asked how they communicate with the community and how they provided them with information on the purpose and cost of the project that was carried out. Every municipality has a local radio program, usually several hours a week. One municipality publishes a small report of activities that briefly describes projects carried out during the year. The largest municipality also uses the press to communicate with its citizens.

None of the municipalities visited have used town meetings (*Audiencias Publicas*) to present municipal budgets. Two of the municipalities visited said that they are considering holding them. Generally, these meetings are considered risky, since they provide a forum for grievances and for demands that the municipality is not equipped to meet. Mayors indicated a preference for smaller meetings in communities about specific projects. In some other countries, town meetings are mandatory, e.g., Honduras. However, their usefulness to the municipality and as an indicator of community participation is open to debate. Some municipal programs funded by USAID include training on how to organize town meetings, as part of the community participation component. This has made these meetings much more productive.

The technical assistance program supported several very significant community action programs. In

Atyra, a group of community promoters called *Gente en Accion* have been actively involved with

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improving the environment and with the landfill project. This group, along with high school students in “eco clubs”, participated in program-supported classes on the environment once a week for five months, touching on subjects such as composting, purpose of landfills, recycling, and related topics. In turn, the members of *Gente en Accion* worked with their own neighbors and held meetings with community groups in *Compañías* to share lessons on environmental issues. Also, members of *Gente en Accion*, with the mayor, gave talks on environmental issues, including garbage collection and disposal, on the community radio program. A similar environmental education program was carried out with municipalities in Misiones, and smaller community outreach and educational efforts were carried out in the rest of the municipalities.

### **C. Has Capacity for Inter-Government Coordination in Project Development Increased?**

The terms of reference asked “Do local governments assisted have the capacities to coordinate with different levels of governments and different actors by themselves?”

#### **1. Departmental Associations**

Every Department has a regional association. Mayors meet periodically, sometimes weekly, to discuss issues and problems. One larger Department has two such associations, for northern and southern municipalities. These are important vehicles for inter-municipal cooperation. Municipalities provide assistance informally to neighbors, e.g., Concepcion-Horqueta, San Ignacio-Ayolas. The associations are useful in coordinating municipal requests for assistance from the departmental government, and in forming smaller groups to share equipment or other kinds of support. Mayors are very positive about their participation in these associations.

During the evaluation it was noted that valuable lessons between neighboring municipalities are not always shared. One mayor described at length difficulties in organizing his community and getting cooperation in garbage collection. He admitted that he did not know in any details how the *Gente en Acción* outreach works in Atyrá. One reason for the lack of sharing in this case might be that the mayors are from different political parties.

#### **2. Coordination at the Departmental Level**

All municipalities have regular contact with Departmental Government. Coordination with Governors and staff seems good to excellent. Only one municipality said that there were serious political problems between the Mayor and the Governor. Misiones Department is by far the best example of cooperation with local governments. The Governor of Misiones has promoted investment in landfills throughout the Department, to improve the appeal of the area for tourism. The Department has cost shared with municipalities implementing projects. The experience in Misiones seems to be unique. When asked if he plans to share that experience with counterparts, the current Governor said that he would present their programs to his successor, but did not see a good way to share it with other governors. Over and over, people said that Misiones is unique. The implication was that this was not necessarily a model that could be replicated in other departments, but was due to the interest and energy of the current Governor.

While municipalities say they have good relations with *Gobernaciones*, they express frustration as well. For infrastructure projects like roads and landfills, municipalities need access to heavy equipment loaned by the Departmental Government and the Ministry of Public Works, through the Departmental

Government. This seems to be handled better in some departments than others. For example, in Cordillera, municipalities have set schedules for the use of equipment, and can ask for special

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consideration if there is a need outside of their scheduled time. In Misiones, every municipality needs to request equipment on a case-by-case basis and requests often cannot be met.

### **3. National Level Coordination**

Few municipalities have contact with National Government entities. Municipalities were asked if they knew the appropriate person to contact in SEAM if there are requirements for environmental certification in the future. Most said no, but that departmental government would know.

As mentioned above, municipalities feel a great deal of frustration with the Ministry of Public Works, over the availability of heavy machinery. They say it would be more efficient for them to contact the Ministry directly rather than go through departmental government, but they do not tend to do so. Rather they wait for Departmental Government to make the necessary overtures.

Only Tobatí had open channels of communication with the national government, and this was due to the fact that the current President was born there and has made resources available to his hometown.

## **II. HOW SUSTAINABLE AND REPLICABLE ARE RESULTS?**

### **A. Municipal Self Reliance**

A question posed in the terms of reference was: “Do local governments assisted have the management capacities to implement similar projects by themselves?” Another was “Are the projects implemented in a single local government important enough to promote significant change in that particular local government?”

In brief, participating municipalities are better equipped to carry out projects, but they are a long way from being strong municipalities by almost any definition. If what is meant by “significant change” is greater independence and autonomy in operation, the technical assistance provided under this one program made a contribution,<sup>12</sup> but municipalities need more assistance in management and finance than was contemplated under this project-oriented program.

Concepcion, which is the largest and financially strongest of the participating municipalities, has inefficient organizational and financial structures. For example, the property tax office falls under the organizational rubric of Public Works, rather than the umbrella of the financial office. The department that manages solid waste also is responsible for street cleaning and cemetery maintenance. One fee is charged for all three services combined and collections are very poor. Its tax rolls were last updated in 1994 and levels of arrears are high. While this municipality is more confident in its abilities than many other municipalities, it could be much more self reliant with updated management and financial systems.

Having said that, there did seem to be an indefinable sense of empowerment on the part of some

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<sup>12</sup> Some of these municipalities participated in the DAI managed decentralization project, and a few are participating with the new Chemonics project. It is difficult to isolate the impact of these individual assistance activities.

municipal officials. They seemed less likely to be ruled by political motivations and were open to new ideas. While part of the selection process was to find motivated municipal officials, those with a “can

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do” attitude seemed to benefit more from the program than others. These tended to be the youngest mayors contacted during the evaluation.

## **B. Sustainability of NGOs Providing Services to Municipalities**

The terms of reference asked “Would the local NGOs strengthened under the program, such as Alter Vida and CEAMSO be able to continue to support local governments and support themselves without continued donor assistance?” This evaluation did not cover all sources of funding currently available to these NGOs, but if the sub-text of the question is whether municipalities will continue to pay for services from these organizations on their own, the answer is “probably not yet”. It takes time to develop a market for municipal services, but local governments should be encouraged to begin to share these costs.

It is in the interests of the country that the market for technical services to municipalities be strengthened and expanded. Technical expertise exists in Paraguay, not only in the NGOs that participated in the Urban Institute/Chemonics program, but also in small private firms that, according to a CEAMSO representative exist, but cost too much for municipalities. The Mission should consider ways to support this incipient market for services in tandem with efforts to improve the financial capacity of municipalities. Vouchers programs have been discussed in other countries, which could provide a certain level of support, e.g., 25% to 40% of the costs of environmental assessments, and allow municipalities to choose where they purchase services. A small technical assistance fund might be another way of administering such a program.

## **C. Replication of Projects in Other Communities**

Another series of questions posed for the evaluation were: “Are the pilot project properly disseminated? How replicable are they? What can be expected during this Strategic Plan period?”

The landfill project in Boqueron was replicated in three other small communities in Chaco. If the technical assistance program had been continued, more opportunities existed for replication. Six regional meetings were held to present successful cases from the program’s experience. Representatives of 53 municipalities attended (only two program municipalities were represented). During these meetings, participants expressed interest in assistance with solid waste systems (39), rural roads (35), improving collections and other administration (48), other projects (5). It is likely that viable projects could have been identified in many of these communities.

Informal dissemination of information is also occurring. Every municipality visited said that neighboring municipalities have expressed interest in projects that were carried out. Improvement of rural roads is a high priority in a number of communities. Landfill projects are also of interest, and during field visits we heard of at least two communities that were interested in improving slaughterhouse operations.

USAID Missions in Latin America have grappled with the issue of replication. In a number of countries, intensive technical assistance and training has been provided to a core group of municipalities, usually medium sized municipalities with good potential for improving revenue generation and services. Subsequently, USAID Missions have looked at the possibility of replicating those experiences by using on-the-job training for staff from smaller municipalities in the core municipalities. In one case, it was recommended that continuing assistance to the larger municipalities be predicated on such assistance to smaller municipalities. Such programs require oversight and coordination, but have the potential to reach a larger number of municipalities with fewer resources.

#### **D. Institutional Support for Sustained Municipal Development**

One of the questions posed in the terms of reference was whether there was a role for municipal associations in strengthening municipalities, coordination, etc. As mentioned, municipalities are very active in regional associations. They are less aware of activities of national level associations and organizations. There seem to be a large number of organizations operating in Paraguay, but the municipalities are not active in them.

For many municipal development programs in the region, a key component is strengthening the national association of municipalities so that it can effectively lobby for needed legislative change and provide a vehicle for disseminating information to its members. This is often a long-term commitment on the part of USAID Missions and can result in a self-supporting organization (i.e., fully supported by memberships fees) that is a major player in municipal development in the country.

In Paraguay, so many organizations and associations exist for both departmental and municipal government that it is not clear if one is more likely to play the roles mentioned above than another. The Mission's National Policy Reform Program is working with a number of these associations and groups on important decentralization issues. It would be extremely useful to municipalities if one of these organizations emerges as the principal voice for them in the debate on decentralization. While the interests of Departmental Government and Municipal Government sometimes converge, they diverge in other areas. Also, if one organization can be strengthened enough to become a conduit for disseminating "Best Practices" and successful experiences among municipalities of all departments, this would serve the municipal sector for the long-term. For example, the Solid Waste Guide that was produced under this technical assistance program, should continue to be distributed and used as the basis of seminars and training. At this time, there is no group that is likely to take it upon itself to do this.

### **III. SUMMARY OF RECOMMENDATIONS AND CONSIDERATIONS FOR USAID STRATEGY**

**USAID should follow up on progress in municipalities, which participated in the technical assistance program.**

Over the next several years, USAID should make an effort to determine whether municipalities have operated their landfills satisfactorily and have stayed committed to funding subsequent phases.

**USAID should consider continuing technical assistance on project development in different forms.**

The Mission should consider some continuation of technical assistance on project development in tandem with its Project on Finance. It should also explore new ways to support the market for municipal services. Voucher programs have been discussed in other countries, which would provide a certain level of support for activities such as environmental assessments, and allow municipalities to choose where they purchase services. A small technical assistance fund might be another way of administering such a program.

**USAID should consider providing training for a larger group of municipalities.**

Questions included in the terms of reference were "Is the number of local governments strengthened or the size of them important enough to create a critical mass if the same level of intervention is

implemented during the remaining period of the Strategic Plan? What is the impact of the projects implemented on local governments at the country level?”

If USAID is looking for impact at the national level, many more municipalities need to be trained. In a number of other countries in Latin America, intensive technical assistance is provided to a core group of municipalities, e.g. 20-30, and training to a much larger group, e.g. 50-80 more. (Missions have also looked for models that can be adapted to rural municipalities.) Training modules have been developed on: The Roles of Mayor and City Council, Municipal Organizational Structure; Municipal Accounting and Finance; Community Participation; Strengthening Service Delivery, etc. These materials, as well as others on topics such as Conflict Resolution, would be readily available for adaptation to the Paraguay context.

**USAID should concentrate its efforts in the area of finance on medium to large municipalities, but efforts should also be made to build on the experiences of the Urban Institute/Chemonics Program.**

Technical assistance on management and finance systems is most effective in municipalities with demonstrated capacity. These will become a core group of viable municipalities upon which to build a national municipal system. The Chemonics Project is already assisting some of these types of municipalities, and these should be the principal focus of that project.

At the same, the Urban Institute program demonstrated that small municipalities can innovate and improve services. Wherever possible, municipalities that received technical assistance on project development should also receive assistance in local revenue generation, so that they are better able to follow through on their commitments, e.g., to build second and third generation landfills.

**Attention should be given to key aspects of the enabling environment for the municipal sector.**

As part of the National Policy Reform Program, emphasis should continue to be given to improving the enabling environment for municipal development. This includes support for the policy paper that was developed entitled *Plataforma de Descentralización*. It also includes strengthening the organization that will best serve as a lobby for municipal interests, and for sharing information among all municipalities.

## **ANNEX A**

## **PERSONS INTERVIEWED**

### **USAID:**

Alfonso Velasquez, USAID Development Specialist  
Steve Marma, SO Team Leader, USAID  
Eduardo Bogado

### **Project staff:**

Walter Galindo, Chief of Party, Chemonics  
Mercedes Juvinel, Project Coordinator, Chemonics  
Ivo Kralyevic, Project Manager, Chemonics

### **NGOs/other experts:**

Victor-jacinto Flecha, Experto, Reforma del Estado y Decentralizacion  
Maria Gabriela Frutos, Program Planning Assistant, USAID  
Arq. Maria Ofelia Yegras, Centro de Estudios Amientales y Sociales, CEAMSO  
Ing. Carlos Alberto Galarza, CEAMSO  
Ing. Jorge Abbate C., Alter Vida, Centro de Estudios y Formacion para el Ecodesarrollo  
Ing. Agr. Miryan Caballero, Alter Vida

### **Municipalities:**

Rafael Velazquez, Mayor, Ita  
Hugo Zarza, President of Junta Comunal “Las Piedras”  
Ing. Vidal Berdejo, Interim Mayor, Concepcion  
Juan F. Ferreira, Mayor, Atyra  
Javier Bernal, Municipal Advisor, Atyra  
Sra. Amalia Saldiva, representative of community group “Gente en Accion”  
Olindo Jimenez, Mayor, Tobati  
Lic. Ricardo Yednaz Britez, Mayor, San Ignacio  
Rigoberto I. Ferreira, President, Municipal Council, San Ignacio  
Ing. Aldofo Pilsen, Department of the Environment, San Ignacio  
Ruben Jacquet, Mayor, Santa Rosa  
Luis Jacinto Forneron, Municipal Secretary, Santa Rosa  
Aristides del Puerto S, Vice President, Municipal Council, Santa Rosa  
Dr. Victor Hugo Pereiro-Alvarez, Mayor, San Juan  
Efren Gonzalez, Mayor, San Miguel  
Alicia Maria Correa Ramirez, Community Promoter, San Miguel  
Maria Teres Lizza de Corvalan, Municipal Council Member, San Miguel  
Carmen de Beriza, Municipal Council Member, Ayolas  
Patricio Dejesus, Municipal Council Member, Ayolas

### **Department Government:**

Santiago Gonzalez Maudslay, Governor, Misiones  
Arq. Mirian Avila, Planning Department, Misiones



## **ANNEX B**

## **DOCUMENTS CONSULTED**

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## **ANNEX C**

### **EVALUACIÓN DE PROYECTO DE APOYO A LOS GOBIERNOS LOCALES - GUÍA PARA ENTREVISTAS - FEBRERO 2003**

1. ¿Cuándo y de que manera fue identificado como prioridad este proyecto?
2. En que etapa se encuentra el proyecto, cuando se inicio asistencia técnica bajo de USAID/Chemonics a través del “Proyecto de Apoyo a los Gobiernos Locales”?
3. Que clase de asistencia ha sido proveída?
4. Que efecto Ud. cree que ha tenido la asistencia en el diseño y la implementación del proyecto?
5. Que responsabilidad tuvo o tiene la municipalidad con el Memorandum de Entendimiento?
6. Sabe Ud. si se cumplieron todas esas responsabilidades?
7. Esta Ud. planificando otro proyecto similar en el futuro? Si es afirmativo, Cuando planea implementar ese proyecto? Si es afirmativo, Que haría diferente como resultado de un proyecto participativo? Que obstáculo ve en realizar este proyecto? Como lo financiaria?
8. Ud. cree que su habilidad para manejar estos proyectos en el futuro ha tenido cambios como resultado de la asistencia técnica recibida? ¿Ha participada la comunidad en la planificación del proyecto? Hizo esto alguna diferencia de proyectos anteriores que han realizado? Se ha llevado a cabo audiencia publica del presupuesto de esta municipalidad?
9. Esta la comunidad enterada del costo del proyecto? Es esto diferente a la practica anterior?
10. Considera que su municipio ha desarrollado, como consecuencia de este proyecto, capacidad para implementar en el futuro otros proyectos, En caso afirmativo, de que manera?
11. Como piensan Ud.s mantener este servicio?
12. ¿Cuál ha sido la reacción de la comunidad al proyecto hasta ahora?
13. Esta dispuesta la comunidad contribuir a los costos del proyecto?

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14. Ha hecho algún cambio en el sistema administrativo municipal como un resultado de la participación en la asistencia técnica (Proyecto de USAID)? En el sistema financiero? En que forma comunico a los ciudadanos?
15. Ha expresado otras municipalidades del departamento interés en proyectos similares para su comunidad?
16. Que participación tiene con la Asociación Municipal?
17. Que papel realiza la Asociación Municipal en la provisión de servicios o coordinación con otras instituciones gubernamentales? Se comunica directamente la municipalidad con el gobierno departamental, con instituciones de gobierno nacional?
18. Que papel hace el gobierno departamental en entregar servicios?
19. Que participación tiene la municipalidad con las organizaciones no- gubernamentales? ¿Cuál es su papel, Si hay alguno, realiza esta organización algo en la implementación del proyecto?
20. Hubo alguna organización no-gubernamental participando en el diseño e implementación de este proyecto?
21. Si es afirmativo, cuales y que papel desempeño? Alguna vez ha solicitado a una compañía privada de prestación de servicios para la comunidad?
22. Cuales son los recursos de fondos más importantes para los proyectos?
23. ¿Cuál es la fuente mas importante localmente para generar recursos? Ha habido algún cambio como resultado del proyecto para obtener de recursos?
24. Que cambio habria para la municipalidad para hacer prestamos para proyectos futuros?
25. Que porcentajes de los costos de los servicios se recuperan de los usuarios?
26. Esta considerando establecer tasas por los servicios en base de recuperar los costos? Si es afirmativo, cuando?

### Qs for Departmental officials:

- 1.Cuál es el papel de las gobernaciones en la entrega de servicios?
- 2.¿Cómo considera que ha sido el proceso de planificación e implementación del proyecto en términos de participación ciudadana y transparencia?
3. Esta dispuesta la Gobernación a apoyar este tipo de proyectos en un futuro, y en caso afirmativo, en que forma?

#### **ANNEX C (page 3)**

4. ¿Cuál ha sido el proceso usado para coordinar los proyectos de residuos sólidos en Misiones?
5. ¿Cómo hizo que las municipalidades participen? ¿Qué obstáculos se encuentran en coordinar la participación de municipalidades?
6. ¿Qué recursos proveyeron el departamento para las municipalidades?
7. ¿Cuál fue la lección aprendida para proyectos de este tipo?
8. ¿Expresaron otros departamentos el interés sobre la base de su experiencia para proyectos intermunicipales?
9. ¿Qué recomendaría para proyectos futuros de este tipo?
10. ¿Qué papel, si hay alguna, juega las ONG's en el diseño e implementación de este proyecto?
11. ¿Existe algún proyecto de prioridad en el departamento que se beneficiara de este modelo?
12. ¿Es este modelo factible o apropiado para algunas municipalidades más pequeñas o rurales?
13. ¿Cuál es la ventaja de los intermunicipales?
14. ¿Qué participación ha tenido el departamento en este proyecto?
15. ¿Ha hecho alguna vez cambio en el sistema administrativo municipal como un resultado de participación en el proyecto? ¿En el sistema financiero?

#### **Qs. Para las Comisiones Vecinales:**

1. ¿Ha participado la comunidad en la planificación e implementación del proyecto? En caso afirmativo, de qué manera?
1. ¿Considera que la municipalidad ha transparentado los gastos? En caso afirmativo, cómo?
2. ¿Considera que ha mejorado el servicio? En caso de que el mismo no existiera previamente, ¿esta la comunidad haciendo uso del mismo?